

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.**

**Natalbany, Louisiana**

**Financial Statements and Auditor's Reports  
As of and for the Year Ended December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUL 18 2012**

**Anthony B. Baglio, C.P.A.  
A Professional Accounting Corporation  
Hammond, Louisiana**

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.**  
As of and for the Year Ended December 31, 2011

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Frank B. Gerarve, Fire Chief  
and Members of the Board of Directors  
Natalbany Volunteer Fire Department, Inc.  
Natalbany, Louisiana

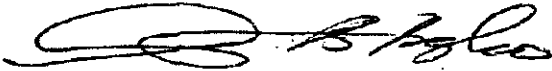
I have audited the accompanying statement of financial position of Natalbany Volunteer Fire Department, Inc. (Natalbany) (a nonprofit organization) as of December 31, 2011, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Natalbany's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Natalbany Volunteer Fire Department, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Frank B. Gerarve, Fire Chief  
Independent Auditor's Report  
July 6, 2012  
(Continued)

In accordance with *Government Auditing Standards*, I have also issued my report dated July 6, 2012, on my consideration of Natalbany's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Anthony B. Baglio, CPA  
A Professional Accounting Corporation  
Hammond, Louisiana

July 6, 2012

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Natalbany Volunteer Fire Department, Inc.  
Statement of Financial Position  
December 31, 2011

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 144,828
Receivables:	
Fire Protection District No. 2 Contract Fees	181,426
Prepaid Insurance	14,345
<b>Total Current Assets</b>	<u><u>340,599</u></u>

**Property and Equipment**

Land	62,562
Buildings	75,000
Building Improvements	189,074
Machinery & Equipment	287,778
Vehicles	203,938
<b>Total Property and Equipment</b>	<u>818,352</u>
Less Accumulated Depreciation	<u>(165,673)</u>
<b>Net Property and Equipment</b>	<u>652,679</u>
<b>Total Assets</b>	<u><u>\$ 993,278</u></u>

**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$ 21,799
Insurance Payable	11,512
Accrued Salaries	5,856
Payroll Taxes Payable	2,953
Deferred Revenue	22,729
Note Payable (Note 5)	211,697
<b>Total Current Liabilities</b>	<u>276,546</u>

**Net assets**

Temporarily Restricted	<u>716,732</u>
<b>Total Net Assets</b>	<u>716,732</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 993,278</u></u>

See accompanying notes.

Natalbany Volunteer Fire Department, Inc.  
Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Totals
<b><u>Support &amp; Revenue</u></b>			
Rural Fire District No. 2 Contract Fees			
Ad Valorem Taxes	-	\$ 650,069	\$ 650,069
Revenue Sharing	-	66,083	66,083
Fire Insurance Rebate	-	40,278	40,278
Miscellaneous Income	-	7,828	7,828
Insurance Reimbursement	-	1,475	1,475
Interest	-	5,892	5,892
Contributions	-	18,980	18,980
Fund Raiser	-	7,510	7,510
Grant	-	69,127	69,127
Rental Income	-	4,149	4,149
Supplemental Pay	-	30,750	30,750
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	795,401	(795,401)	
Total Public Support & Revenue	795,401	106,740	902,141
<b><u>Program Expenses</u></b>			
Banquet	3,666	-	3,666
Capital Outlay	2,425	-	2,425
Computer Programs	5,145	-	5,145
Return of Appropriation to Rural Fire			
Protection District No. 2 for Debt Service	112,327	-	112,327
Depreciation	54,491	-	54,491
Donations	200	-	200
Dues and Subscriptions	1,320	-	1,320
Employee Benefits	6,391	-	6,391
Fund Raising	2,237	-	2,237
Gas & Oil	16,981	-	16,981
Insurance	79,415	-	79,415
Interest	16,128	-	16,128
Janitorial	224	-	224
Meals	176	-	176
Miscellaneous	4,743	-	4,743
Outside Services	250	-	250
Payroll Taxes	31,285	-	31,285
Postage and Freight	1,443	-	1,443
Professional Fees	13,852	-	13,852
Repairs	13,940	-	13,940
Salaries	358,939	-	358,939
Supplies	12,221	-	12,221

See accompanying notes.

Natalbany Volunteer Fire Department, Inc.  
Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Totals
Supplemental Pay	\$ 30,750	-	\$ 30,750
Income Taxes	17	-	17
Telephone	8,181	-	8,181
Training	2,291	-	2,291
Uniforms	3,923	-	3,923
Utilities	12,440	-	12,440
Total Program Expenses	<u>795,401</u>	<u>-</u>	<u>795,401</u>
Change in Net Assets	<u>-</u>	<u>106,740</u>	<u>106,740</u>
Net Assets, Beginning, Restated	-	609,992	609,992
Net Assets, Ending	-	<u>\$ 716,732</u>	<u>\$ 716,732</u>

See accompanying notes.



Natalbany Volunteer Fire Department, Inc.  
Statement of Cash Flows  
Year Ended December 31, 2011

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 106,740
Adjustments to Reconcile Increase in Net Assets	
to Net Cash Provided by Operating Activities:	
Depreciation	54,491
Increase in Receivables	(30,248)
Decrease in Prepaid Insurance	1,168
Increase in Accounts Payable	15,823
Decrease in Accrued Salaries	(1,536)
Decrease in Accrued Payroll Taxes Payable	(311)
Increase in Deferred Revenue	694
Net Cash Provided by Operating Activities	<u>\$ 146,821</u>
Investing Activities	
Purchase of Fixed Assets	<u>(75,857)</u>
Net Cash (Used) by Investing Activities	<u>(75,857)</u>
Financing Activities	
Payments on Notes Payable	<u>(15,170)</u>
Net Cash (Used) in Financing Activities	<u>(15,170)</u>
Net Increase in Cash and Cash Equivalents	55,794
Cash and Cash Equivalents, Beginning of Year	<u>89,034</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 144,828</u></u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest was \$16,128.  
Federal income tax payments were \$17.

See accompanying notes.

## **NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

### **Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

#### **Introduction**

The Natalbany Volunteer Fire Department, Inc. (Natalbany) was incorporated on February 3, 1956, as an association of volunteer firemen serving the Natalbany, Louisiana, geographical area. The Natalbany Volunteer Fire Department, Inc. is funded, for the most part, by an annual appropriation from the Tangipahoa Parish Rural Fire Protection District No. 2 (Rural Fire Protection District No. 2).

The Rural Fire Protection District No. 2 contracts with the Natalbany Volunteer Fire Department, Inc. and nine other fire departments to carry out its mission of providing fire protection for the entire parish of Tangipahoa, excluding the incorporated municipalities and the entire Third Ward in Tangipahoa parish.

Rural Fire Protection District No. 2 receives ad valorem taxes, state revenue sharing, and two percent fire insurance rebated monies and appropriates these monies, along with interest earnings, to the ten individual fire departments in accordance with an annual agreement. The primary responsibility of each fire department is the prevention and termination of fires which pose a threat to life or property within its areas of responsibility. The secondary responsibility is to respond to any and all calls for assistance from any of the other fire departments in Rural Fire Protection District No. 2. With the formation of the 911 system in the parish, the responsibility of the fire department now includes handling certain 911 calls.

The annual agreement provides, in part, that the appropriation of revenue from Rural Fire Protection District No. 2 be based upon the square miles served by the individual fire departments, the population within the area served, and the number of fire calls received in a given period. The agreement also requires that the individual fire departments expend the appropriations exclusively for the purposes of operating, maintaining, and/or purchasing equipment and supplies for their fire department, and for approved salaries. The agreement additionally requires the individual fire departments to present quarterly statements of funds received and expended to the Rural Fire Protection District No. 2.

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Natalbany have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

**A. Basis of Presentation**

Natalbany is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**B. Revenue and Support**

Revenue and support consists primarily of appropriations of ad valorem taxes, state revenue sharing, and fire insurance rebated funds received from Rural Fire Protection District No. 2 of Tangipahoa Parish. Natalbany receives a percentage of the total funds available to Rural Fire Protection District No. 2 based on the formula contained in a contract agreed to by all participating fire departments in Tangipahoa Parish. Other sources of revenues would include fund raising, contributions, and rental income from a house on their property.

**C. Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**D. Cash and Cash Equivalents**

Cash includes amounts in interest-bearing demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of ninety (90) days or less are considered to be cash equivalents.

**E. Fair Values of Financial Instruments**

Natalbany's financial instruments, none of which are held for trading purposes, include cash. The following method and assumption used by Natalbany in estimating its fair value disclosures for financial instruments is:

Cash: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

## **NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

### **Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

#### **F. Property and Equipment**

It is Natalbany's policy to expense all assets purchased with appropriations from Rural Fire Protection District No. 2, because they are owned by Rural Fire Protection District No. 2 as stated in the contract between Rural Fire Protection District No. 2 and the ten individual fire departments. Assets purchased with other revenues are recorded as property and equipment when purchased.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as temporarily restricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Natalbany reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Natalbany reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Fixed assets are stated at cost. Natalbany maintains a threshold level of \$500 or more for capitalizing fixed assets. Renewals and betterments that materially extend the life of the asset are capitalized. Upon retirement or disposal of an asset, the cost of the asset and the related accumulated depreciation are removed from the books. Any resulting gain or loss is included in the statement of activities. Straight-line depreciation is used. The assets are depreciated using the following useful lives:

	<u>Estimated Useful Lives</u>
Buildings	10 - 40 Years
Building Improvements	10 - 40 Years
Machinery and Equipment	5 - 7 Years
Vehicles	5 - 15 Years

#### **G. Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

### **Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

#### **H. Federal Income Tax**

The Natalbany Volunteer Fire Department, Inc. is exempt from federal income tax under Section 501 (C) (3) of the Internal Revenue Code, except for amounts representing unrelated business income. Unrelated business income from renting facilities amounted to \$4,149 and is included in Rental Income on the Statement of Activities. The Department paid \$17 in income tax expense in 2011 for 2010.

The Department's federal Forms 990, Return of Organization Exempt from Income Tax, and Forms 990-T, Exempt Organization Business Income Tax Returns, for 2008, 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

#### **2. CASH AND CASH EQUIVALENTS**

At December 31, 2011, Natalbany had cash and cash equivalents totaling \$144,828 as follows:

Operations Account	\$ 130,339
General Account	14,489
Total	<u>\$ 144,828</u>

At December 31, 2011, Natalbany had \$ 147,574 in deposits (collected bank balances). These deposits were secured from risk by \$147,574 of federal deposit insurance.

For purpose of the statement of cash flows, Natalbany considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **3. RECEIVABLES**

Receivables include amounts due from the Rural Fire Protection District No. 2 at December 31, 2011 and are summarized as follows:

Due from Rural Fire Protection District No. 2:

Rural Fire Protection District No. 2 Contract Fees	\$ 181,426
Total	<u>\$ 181,426</u>

No allowance for uncollectible accounts is required at December 31, 2011.

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2011

**4. PROPERTY AND EQUIPMENT**

Property and Equipment consist of the following:

	<u>12/31/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/11</u>
Fixed assets not being depreciated:				
Land	\$ 62,562	\$ -	\$ -	\$ 62,562
Total fixed assets not being depreciated	<u>62,562</u>	<u>-</u>	<u>-</u>	<u>62,562</u>
Fixed assets being depreciated:				
Buildings	75,000	-	-	75,000
Building Improvements	189,074	-	-	189,074
Machinery & Equipment	211,920	75,858	-	287,778
Vehicles	203,938	-	-	203,938
Total capital assets being depreciated	<u>679,932</u>	<u>75,858</u>	<u>-</u>	<u>755,790</u>
Less accumulated depreciation for				
Buildings	12,149	2,110	-	14,259
Building Improvements	17,002	4,848	-	21,850
Machinery and Equipment	61,601	33,937	-	95,538
Vehicles	20,430	13,596	-	34,026
Total accumulated depreciation	<u>111,182</u>	<u>54,491</u>	<u>-</u>	<u>165,673</u>
Fixed assets being depreciated, net	<u>568,750</u>	<u>21,367</u>	<u>-</u>	<u>590,117</u>
Total fixed assets, net	<u>\$631,312</u>	<u>\$21,367</u>	<u>\$ -</u>	<u>\$ 652,679</u>

Depreciation expense for the year ended December 31, 2011 was \$ 54,491.

**5. NOTE PAYABLE**

Natalbany Volunteer Fire Department has a line of credit at Hancock Bank for buildings and land bearing interest at 5.50%. The line is secured by the land and buildings. At December 31, 2011, the outstanding balance of this line of credit is \$207,183 which is all current.

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

The Department also has a line of credit from Northern Tool & Equipment for a generator purchased in 2010 bearing interest at 28.99%. At December 31, 2011 the outstanding balance of this line of credit is \$4,514 which is all current.

**6. RETIREMENT SYSTEM**

Employees of Natalbany Volunteer Fire Department, Inc. (Natalbany) participate in the Social Security System. Natalbany uses appropriations from Rural Fire Protection District No. 2 to provide the employer matching portions of the social security contribution. Neither Natalbany nor Rural Fire Protection District No. 2 has any liability for employee pension benefits.

The Board of Directors of the Natalbany Volunteer Fire Department, Inc. adopted the Louisiana Public Employees Deferred Compensation Plan. A 457(b) deferred compensation plan is a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing pre-tax dollars through a voluntary salary contribution. All current full-time and part-time Louisiana public employees are immediately eligible to participate in the Louisiana 457(b) Deferred Compensation Plan. Natalbany Volunteer Fire Department, Inc., the employer, will contribute up to five percent of gross wages per pay-period. In 2011, the maximum contribution amount is 100% of compensation or \$16,500, whichever is less. A special "catch-up" provision allows participants in the three calendar years prior to normal retirement age to contribute more (\$5,500 in 2011) into the 457(b) Plan. Employer contributions for the fiscal year ending December 31, 2011 totaled \$4,922. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

# **NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

## **Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

### **7. VACATION AND SICK LEAVE**

Depending on their length of service, full-time employees of Natalbany Volunteer Department, Inc. earn vacation and sick leave annually as follows:

<u>Work Schedule</u>	<u>Years of Service</u>	<u>Vacation Hours</u>	<u>Sick Hours</u>
40 hours/week	1-5 Years	40	40
	5-10 Years	80	40
	10 or more	120	40
12 hour shift	1-5 years	48	48
	5-10 years	96	48
	10 or more	144	48
24 hour shift	1-5 years	72	72
	5-10 years	144	72
			72
	10 or more	216	

Unused vacation and sick leave expires at the end of each year. Additional sick leave is granted by the board on an individual basis.

### **8. LEASES**

The Department is renting a house for various amounts on a month to month basis. At December 31, 2011, \$4,149 was recorded as rental income.

Natalbany is subleasing from Rural Fire Protection District No. 2, a related party, land on which a second fire station was erected. Rural Fire Protection District No. 2 has the lease with an individual for 50 years with an option to renew for an additional 50 years for \$50 per year. The lease began on June 24, 1992. All terms of Rural Fire Protection District No. 2's lease with the individual are binding on Natalbany. The lease requires Natalbany to pay property taxes on the property. The property reverts to the individual at the expiration of the lease. The first rent payment was due June 24, 1993. The rental expense for the current year is \$50.



**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

Notes to the Financial Statements

As of and for the Year Ended December 31, 2011

The future minimum lease payments are as follows:

2012	\$	50
2013		50
2014		50
2015		50
2016		50
2017-2041		<u>1,250</u>
	\$	<u>1,500</u>

**9. DONATED MATERIALS AND SERVICES**

Natalbany Volunteer Fire Department, Inc. (Natalbany) records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

No amounts have been reflected in the statements for donated services since the information was not available. Nevertheless, a substantial number of volunteers donated significant amounts of their time in Natalbany's program services.

**10. ON BEHALF PAYMENTS MADE BY STATE OF LOUISIANA**

For the year ended December 31, 2011, the State of Louisiana made on behalf payments in the form of supplemental pay to employees of the fire department. In accordance with GASB 24, Natalbany has recorded \$30,750 for the year ended December 31, 2011, of on behalf payments as revenue and as expenditures on the statement of activities and changes in net assets.

**11. APPROPRIATIONS FROM LOAN PROCEEDS**

**A. Certificates of Indebtedness, Series 2006**

In 2006, Rural Fire Protection District No. 2 borrowed \$ 255,000 on Certificates of Indebtedness, Series 2006 to be used by Natalbany to purchase a new fire engine.

# **NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

## **Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

There were two certificates of indebtedness issued. Certificates R-1, R-3, R-5, R-7, R-9, R-11, R-12, R-13, R-14, and R-15 were for \$ 217,000 between Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificate Nos. R-2, R-4, R-6, R-8, and R-10 were for \$ 21,000 between Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority.

The certificates are secured by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied in each of the years 2006 through 2015.

There is no contractual agreement that requires Natalbany to repay this indebtedness to the Rural Fire Protection District No. 2. However, Natalbany is expected to pay the annual debt service on these certificates of indebtedness from the annual appropriation to be received from Rural Fire Protection District No. 2.

At December 31, 2011, the balances owed by Rural Fire Protection District No. 2 on Certificates on Indebtedness, Series 2006 were as follows:

	<u>Balance</u> <u>12/31/10</u>	<u>Payments</u> <u>FYE 12/31/11</u>	<u>Balance</u> <u>12/31/11</u>
Certificate from Hancock	\$158,000	\$17,000	\$141,000
Certificate from LPFA	\$ 8,000	\$ 8,000	\$ -
Totals	<u>\$166,000</u>	<u>\$ 25,000</u>	<u>\$141,000</u>

Total debt service payments for the Certificate of Indebtedness, Series 2006 totaled \$31,503 which included interest of \$6,503.

The annual requirements to amortize the debt outstanding at December 31, 2011, including interest payments of \$15,855 are as follows:

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

**Notes to the Financial Statements**

**- As of and for the Year Ended December 31, 2011**

<u>Year Ending</u> <u>December 31</u>	<u>Total</u>
2012	\$ 31,568
2013	31,415
2014	31,219
2015	30,979
2016	31,674
	<u>\$156,855</u>

**B. Certificates of Indebtedness, Series 2007A**

In 2007, Rural Fire Protection District No. 2 borrowed \$ 140,000 on Certificates of Indebtedness, Series 2007A to be used by Natalbany to purchase a new rescue truck.

There were two certificates of indebtedness issued. Certificates R-1, R-3, R-5, R-7, R-9, R-11, R-12, R-13, and R-14 were for \$ 119,000 between the Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificates R-2, R-4, R-6, R-8, and R-10 were for \$ 21,000 between Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority.

The certificates are secured by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied in each of the years 2006 through 2015.

There is no contractual agreement that requires Natalbany to repay this indebtedness to the Rural Fire Protection District No. 2. However, Natalbany is expected to pay the annual debt service on these certificates of indebtedness from the annual appropriation to be received from Rural Fire Protection District No. 2.

At December 31, 2011, the balances owed by Rural Fire Protection District No. 2 on Certificates on Indebtedness, Series 2007A were as follows:

	<u>Balance</u> <u>12/31/10</u>	<u>Payments</u> <u>FYE 12/31/11</u>	<u>Balance</u> <u>12/31/11</u>
Certificate from Hancock	\$ 89,000	\$ 11,000	\$ 78,000
Certificate from LPFA	<u>\$ 9,000</u>	<u>\$ 4,000</u>	<u>\$ 5,000</u>
Totals	<u>\$ 98,000</u>	<u>\$ 15,000</u>	<u>\$ 83,000</u>

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

**Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

Total debt service payments for the Certificate of Indebtedness, Series 2007 A totaled \$18,474 which included interest of \$3,474.

The annual requirements to amortize the debt outstanding at December 31, 2011, including interest payments of \$8,735 are as follows:

<u>Year Ending December 31</u>	<u>Total</u>
2012	\$ 19,016
2013	18,454
2014	17,789
2015	18,102
2016	<u>18,374</u>
	<u>\$ 91,735</u>

**C. Certificates of Indebtedness, Series 2010 B**

In 2010, Rural Fire Protection District No. 2 borrowed \$ 350,000 on Certificates of Indebtedness, Series 2010 B to be used by Natalbany to purchase a pumper truck.

The certificates are secured by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied in each of the years 2006 through 2015.

There is no contractual agreement that requires Natalbany to repay this indebtedness to the Rural Fire Protection District No. 2. However, Natalbany is expected to pay the annual debt service on these certificates of indebtedness from the annual appropriation to be received from Rural Fire Protection District No. 2.

At December 31, 2011, the balance owed by Rural Fire Protection District No. 2 on Certificates on Indebtedness, Series 2010 B were as follows:

	<u>Balance 12/31/10</u>	<u>Payments FYE 12/31/11</u>	<u>Balance 12/31/11</u>
Certificate of Indebtedness, Series 2010 B	<u>\$ 350,000</u>	<u>\$ 50,000</u>	<u>\$ 300,000</u>

# **NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

## **Notes to the Financial Statements**

**As of and for the Year Ended December 31, 2011**

Total debt service payments for the Certificate of Indebtedness, Series 2010 B totaled \$62,350 which included interest of \$12,350.

The annual requirements to amortize the debt outstanding at December 31, 2011, including interest payments of \$29,260 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Total</u>
2012	\$ 65,355
2013	68,170
2014	65,890
2015	63,610
2016	66,235
	<u>\$ 329,260</u>

### **12. CONTRACTUAL OBLIGATIONS**

Natalbany entered into an agreement with the Tangipahoa Parish Rural Fire Protection District No.2 in 2011. It was agreed that the sum of \$ 10,000 of the funds appropriated annually to Natalbany is designated as a fee paid by the Tangipahoa Parish Rural Fire Protection District No. 2 to Natalbany for furnishing fire protection in the area served by Natalbany ("the fee"). The fee is to be used by Natalbany at its sole discretion subject to its contractual duty to account for the expenditure of this sum and all sums appropriated by the Tangipahoa Parish Rural Fire Protection District No. 2.

It is further understood and agreed that the fee funds may be used by Natalbany for the purchase of land, buildings, equipment, and that the Tangipahoa Parish Rural Fire Protection District No. 2 will not acquire any ownership interest in such property, whether movable or immovable. The contractual obligation payments for the year ended December 31, 2011 were \$10,000.

### **13. RESTRICTIONS ON NET ASSETS**

Appropriations from Rural Fire District No. 2 are considered restricted because under the terms of the contract with the Rural Fire Protection District No. 2 of Tangipahoa Parish these funds "shall be expended solely for the purposes of operating, maintaining and/or purchasing of equipment or supplies and salaries if approved by the Fire District No. 2."

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC**

Notes to the Financial Statements

As of and for the Year Ended December 31, 2011

**14. CONCENTRATIONS**

During the year ended December 31, 2011, \$756,430, or 84%, of the Department's gross revenues were derived from appropriations from the Tangipahoa Parish Rural Fire Protection District No. 2.

**15. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 6, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**OTHER INDEPENDENT AUDITOR'S REPORT  
AND FINDINGS**

**ANTHONY B. BAGLIO, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2011 Rue Simone  
Hammond, Louisiana 70403  
(985) 542-4155

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Frank B. Gerarve, Fire Chief  
and Members of the Board of Directors  
Natalbany Volunteer Fire Department, Inc.  
Natalbany, Louisiana

I have audited the financial statements of Natalbany Volunteer Fire Department, Inc. (Natalbany) (a non-profit organization) as of and for the year ended December 31, 2011, and have issued my report thereon dated July 6, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Natalbany is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Natalbany's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Natalbany's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Natalbany's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



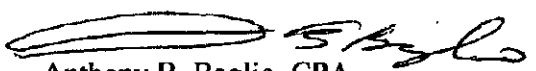
Honorable Frank B. Gerarve, Fire Chief  
Internal Control over Financial Reporting  
July 6, 2012  
(Continued)

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Natalbany's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and the Louisiana Legislative Auditor. Under Louisiana Revised statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
Anthony B. Baglio, CPA  
A Professional Accounting Corporation  
Hammond, Louisiana  
July 6, 2012

### Schedule of Current Year Audit Findings For the Year Ended December 31, 2011

I have audited the financial statements of Natalbany Volunteer Fire Department, Inc., Natalbany, Louisiana as of and for the year ended December 31, 2011, and have issued my report thereon dated July 6, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2011 resulted in an unqualified opinion.

       yes      X no

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**NATALABANY VOLUNTEER FIRE DEPARTMENT, INC.**  
**Natalbany, Louisiana**

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**NATALBANY VOLUNTEER FIRE DEPARTMENT, INC.**  
**Natalbany, Louisiana**

**Status of Prior Year Audit Findings**  
**Year Ended December 31, 2011**

	Fiscal Year		Management's	
	Finding		Corrective	Planned Corrective
	Initially	Description of	Action	Action/Partial
Ref No	Occurred	Finding	Taken	Corrective
				Action Taken

**Section I - Internal Control and Compliance Material to the Financial Statements:**

**Internal Control**

10-01	Dec-09	2% Fire Rebate monies deposited In general account	Corrected	
10-02	Dec-10	Records for all Minutes were not Available	Corrected	

**Compliance**

No Findings

**Section II- Internal Control and Compliance Material to the Federal Awards**

No Findings for Section II

**Section III – Management Letter**

No Findings for Section III